

Message Text

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ORIGIN PM-04

INFO OCT-01 ARA-10 EA-07 NEA-10 ISO-00 SSO-00 CIAE-00

INR-07 NSAE-00 INRE-00 L-03 IGA-02 EB-07 OMB-01

/052 R

DRAFTED BY PM/SAS:RJSLOTT:LD

APPROVED BY PM/SAS: DJAMES

TREASURY - MR. CROSSWHITE

DOD/DSAA - MR. HAMMOND

NEA/RA - COL HOBBS

ARA/PPC - LTC QUIGG

EA/RA - LTC EILAND

-----078349 152220Z /13

O R 152145Z JUL 77 ZFF4

FM SECSTATE WASHDC

TO AMEMBASSY BOGOTA NIACT IMMEDIATE

AMEMBASSY SANTO DOMINGO NIACT IMMEDIATE

AMEMBASSY TEGUCIGALPA NIACT IMMEDIATE

AMEMBASSY JAKARTA NIACT IMMEDIATE

AMEMBASSY RABAT NIACT IMMEDIATE

AMEMBASSY AMMAN NIACT IMMEDIATE

AMEMBASSY JIDDA NIACT IMMEDIATE

AMEMBASSY LA PAZ NIACT IMMEDIATE

INFO SECDEF

TREASURY

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E.O. 11652: N/A

TAGS: MASS, XX

SUBJECT: DELINQUENCIES ON FMS FINANCING PAYMENTS

1. THE FEDERAL FINANCING BANK (FFB) HAS INFORMED US THAT

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SEVERAL FOREIGN GOVERNMENTS FAILED TO MAKE JUNE 30 PAYMENTS DUE ON FMS LOANS EXTENDED BY THE FFB WITH REPAYMENT GUARANTEED BY DOD. UNDER THE GUARANTY AGREEMENT WITH DOD, THE FFB IS AUTHORIZED TO DEMAND PAYMENT FROM THE DOD GUARANTY RESERVE ACCOUNT TO SATISFY THE DELINQUENT PAYMENT DUE FROM THE BORROWING GOVERNMENT. IF THIS SHOULD OCCUR IT WOULD REPRESENT A DEFAULT UNDER THE FMS FINANCING PRO-

GRAM WHICH MUST BE REPORTED TO CONGRESS, WITH RESULTANT ADVERSE EFFECT ON ENTIRE FMS FINANCING PROGRAM. MOREOVER, SUCH DEFAULT WOULD HAVE SERIOUS IMPACT ON EXTENDING ANY FURTHER FMS FINANCING TO DEFAULTING GOVT. THEREFORE, IT IS IMPERATIVE THAT DELINQUENCIES CITED IN PARAS3 AND 4 BELOW BE IMMEDIATELY BROUGHT TO THE ATTENTION OF RESPECTIVE HOST GOVERNMENT AND THAT GOVERNMENT BE URGED TO ARRANGE IMMEDIATE PAYMENT AND TO ESTABLISH PROCEDURES TO ASSURE THAT FUTURE PAYMENTS ARE MADE ON A TIMELY BASIS. EMBASSY SHOULD USE DISCRETION AS TO WHETHER IT PREFERABLE TO RAISE MATTER AT POLITICAL LEVEL OR VIA MILITARY CHANNELS.

2. FFB STATES THAT THE REPAYMENT SCHEDULE ATTACHED TO THE PROMISSORY NOTE OF ITS LOAN AGREEMENT WITH THE BORROWING COUNTRY PROVIDES THE SCHEDULE AND AMOUNT OF PRINCIPAL PAYMENTS. THE BORROWING COUNTRY IS GIVEN A NOTICE OF DATE, AMOUNT AND INTEREST RATE FOR EACH ADVANCE OF FUNDS AND IT CAN COMPUTE INTEREST DUE FROM THAT DATA (THE PROMISSARY NOTE STATES WHEN INTEREST IS TO BE PAID). IT IS THE RESPONSIBILITY OF THE BORROWING GOVERNMENT TO MAKE PAYMENTS WHEN DUE WITHOUT FURTHER NOTICE FROM THE FFB; HOWEVER, AS A COURTESY THE FFB ROUTINELY NOTIFIES EACH BORROWING COUNTRY OF THE AMOUNT AND DATE DUE APPROXIMATELY 30 DAYS IN ADVANCE OF EACH PAYMENT DATE.

3. FOLLOWING ARE OUTSTANDING DELINQUENCIES:
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COUNTRY LOAN AGREEMENT PAYMENT DUE AS INTEREST

-----DAILY ON
-----OVERDUE PAY-
-----MENT BEGIN-
-----NING JULY 1

COLUMBIA	6/10/76	\$1,620,925.14	\$306.34
DOMINICAN			
REPUBLIC	8/10/76	\$ 266,943.50	\$ 45.60
HONDURAS	6/29/76	\$ 25,994.24	\$ 4.51
INDONESIA	6/30/76	\$1,827,228.24	\$344.87
MOROCCO	6/27/75	\$1,397,397.51	\$287.52
MOROCCO	6/16/75	\$2,916,824.41	\$611.45
JORDAN	6/26/75	\$1,764,700.00	\$358.06

(NOTE: SECTION 2.3 OF LOAN AGREEMENT STIPULATES THAT INTEREST WILL BE CHARGED ON ENTIRE OVERDUE PAYMENT.)

4. FOR LA PAZ: GOB OWES \$118.25 IN INTEREST ON PAYMENT WHICH WAS DUE DECEMBER 31, 1976, BUT WHICH WAS NOT PAID UNTIL JANUARY 11, 1977. EMBASSY OR MILGP INSTRUCTED TO IMPRESS UPON APPROPRTATF GOB OFFICIALS NECESSITY FOR MAKING THIS INTEREST PAYMENT ASAP.

5. FFB WILL MAKE NO FURTHER DISBURSEMENTS ON ANY LOAN IT HAS WITH DELINQUENT BORROWING GOVERNMENTS UNTIL AR-REAGES ARE SATISFIED.

6. PLEASE ADVISE STATE AND DOD BY IMMEDIATE CABLE OF RESULTS OF APPROACH TO HOST GOVERNMENT.

7. THIS IS A JOINT STATE/DEFENSE/TREASURY MESSAGE. VANCE
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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DEBT REPAYMENTS, MILITARY SALES, LOAN AGREEMENTS, GOVERNMENT DEBTS
Control Number: n/a
Copy: SINGLE
Sent Date: 15-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE165759
Document Source: CORE
Document Unique ID: 00
Drafter: RJSLOTT:LD
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770253-0134
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770751/aaaabsfn.tel
Line Count: 136
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 4135c06a-c288-dd11-92da-001cc4696bcc
Office: ORIGIN PM
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1844382
Secure: OPEN
Status: NATIVE
Subject: DELINQUENCIES ON FMS FINANCING PAYMENTS
TAGS: MASS, XX, FFB
To: BOGOTA SANTO DOMINGO MULTIPLE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/4135c06a-c288-dd11-92da-001cc4696bcc
Review Markings:
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